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SUBJECT: MEDIA REACTION ON CAFTA, JUNE 1, 2004

1. Editorial in Tegucigalpa-based moderate daily "El Herald" on 5/29 entitled "Towards an uncertain future."
"CAFTA took a step ahead after being signed by the Central American trade ministers and the U.S. Trade Representative, even though it has an uncertain future because it depends on the results of the upcoming U.S. elections in which President Bush attempts to be reelected."

"It's expected that CAFTA will be ratified without much complications in Central America, although it may have some difficulties in El Salvador and Costa Rica. Its main problem will be to pass the U.S. Congress, when President Bush presents it, if he gets reelected. Although the U.S. presents itself as a promoter of free trade, left and right wing groups have agreed to oppose CAFTA, mainly because they fear it would increase unemployment up North."

"Perhaps the closer relationship between Latin America with Europe, and even with China, might convince the Americans that the snow ball they created themselves has grown too much for them to try to stop it."

Palmer